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SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW  
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT  
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A  
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)  
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: SANMINA-SCI  
SYSTEMS ENCLOSURE

REF: A) USDOC 05667 B)HK05511

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO), accompanied by Commercial Officer Brock Wilson, conducted a post shipment-verification (PSV) at Sanmina-SCI Enclosure Systems (Asia) Limited (Sanmina), Enclosure 5, FK Ader Bldg., 22 Kai Cheung Road, Kowloon Bay, Hong Kong. The items in question are fifty pieces of polyurethane foam valued at USD 3,633. The exporter's shippers export declaration (SED) lists the export control classification number (ECCN) for the items as 1C001. If properly classified by the exporter, these items are controlled for national security (NS) and missile technology (MT) reasons and would most likely require a license for export or reexport to Hong Kong and mainland China. The exporter is Cuming Corporation of St. Avon, Massachusetts. Sanmina was the subject of a previous, favorable, PSV referenced in reftel ¶B.

¶3. According to the Hong Kong Companies Registry, Sanmina has been in existence since 1992. Its paid up share capital is the Hong Kong equivalent of approximately USD eight million. Its two directors are U.S. nationals. A review of the company's website ([www.sanminasci.com](http://www.sanminasci.com)) indicates that the company is an affiliate of Sanmina-SCI Corporation, a San Jose California based electronics contract manufacturer in the communications, defense and aerospace, industrial and medical instrumentation, multimedia and consumer, computer and server and automotive technology sectors. The company has worldwide operations including several manufacturing locations in mainland China.

¶4. The ECO, accompanied by Commercial Officer Brock Wilson, visited Sanmina at the address referenced above on August 28, 2007 and met with Ms. Eva Ng, Shipping Officer. She stated that the company conducts electronics manufacturing in five locations in mainland China for various multinational corporations. Hong Kong acts as the regional headquarters for the company. Imports and exports for the China market are conducted through Hong Kong. Ms. Ng stated that Cuming is a regular supplier for Sanmina. She further stated that Sanmina does not apply for Hong Kong strategic commodities licenses because Sanmina does not import or export strategic items.

¶5. As to the specific items in question, Ms. Ng stated that they are used in the production of metal casings for servers. The items will be used to reduce the noise levels of such servers. The casings are being produced for Ciena ([www.ciena.com](http://www.ciena.com)), a U.S. network hardware company. Initially, Ms. Ng promised to provide shipping documentation confirming receipt of the items in Hong Kong and their subsequent on-shipment to mainland China. ECO later obtained those

documents from a colleague of Ms. Ng as Ms. Ng had apparently left the company two days after the PSV.

¶6. In light of the totality of the circumstances of this check, ECO suspects that the exporter misclassified this items as falling within ECCN. ECO therefore recommends that BIS complete a commodity classification before reaching a final decision on how to classify this PSV. If the ECCN is as stated by Cuming, the ECO may reach out to Hong Kong TID for follow-up by Hong Kong Customs since this ECCN would most likely require a license for import into and export from Hong Kong.

¶7. At the time visited, Sanmina appeared to be a suitable recipient of the commodities shipped since Sanmina cooperated with the PSV and operates a line of business consistent with its use. Nonetheless, the items, as classified by the exporter, require an export license to both Hong Kong and mainland China, which license was not obtained. Subject to the outcome of the recommended action in paragraph 6, the ECO therefore recommends that this PSV be classified as Unfavorable.